

SEC. 47. An instrument negotiable in its origin continues to be negotiable until it has been restrictively indorsed or discharged by payment or otherwise.

Instruments negotiable in origin continue until restrictively indorsed.

SEC. 48. The holder may [at] any time strike out any indorsement which is not necessary to his title. The indorser whose indorsement is struck out and all indorsers subsequent to him are thereby relieved from liability on the instrument.

Indorsements may be stricken out.

SEC. 49. Where the holder of an instrument payable to his order transfers it for value without indorsing it, the transfer vests in the transferee such title as the transferer had therein, and the transferee acquires in addition the right to have the indorsement of the transferer. But for the purpose of determining whether the transferee is a holder in due course, the negotiation takes effect as of the time when the indorsement is actually made.

When holder transfers instrument without indorsement.

SEC. 50. Where an instrument is negotiated back to a prior party, such party may, subject to the provisions of this act, re-issue and further negotiate the same. But he is not entitled to enforce payment thereof against [any] intervening party to whom he was personally liable.

Instruments negotiable back to prior party.

ARTICLE IV.—RIGHTS OF THE HOLDER.

SEC. 51. The holder of a negotiable instrument may sue thereon in his own name and payment to him in due course discharges the instrument.

Holder of instruments may sue in his own name.

SEC. 52. A holder in due course is a holder who has taken the instrument under the following conditions:

Conditions under which instrument taken. Holder in due course.

1. That the instrument is complete and regular upon its face.
2. That he became the holder of it before it was overdue and without notice that it had been previously dishonored if such was the fact.

3. That he took it for good faith and value.
4. That at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it.

SEC. 53. Where an instrument payable on demand is negotiated an unreasonable length of time after its issue, the holder is not deemed a holder in due course.

When holder is not holder in due courses.

SEC. 54. Where the transferee received notice of any infirmity in the instrument or defect in the title of the person negotiating the same before he has paid the full amount agreed to be paid therefor, he will be deemed a holder in due course only to the extent of the amount theretofore paid by him.

Notice of infirmity in instrument.

SEC. 55. The title of a person who negotiates an instrument is defective within the meaning of this act when he obtained the instrument, or any signature thereto, by fraud, duress or force

When title is defective.